

**MINUTES
CITY OF ORMOND BEACH
CITY COMMISSION
HEALTHCARE WORKSHOP**

October 3, 2017

5:30 p.m.

City Commission Conference Room

I. CALL TO ORDER

Mayor Bill Partington called the meeting to order at 5:30 p.m.

Present were Mayor Bill Partington, Commissioners Dwight Selby, Troy Kent, Rick Boehm, and Rob Littleton, City Manager Joyce Shanahan, City Attorney Randy Hayes, Human Resources Director Claire Whitley, and Jessica Scott, Vice President, Brown and Brown Insurance.

II. Health Insurance Strategic Plan Update and Renewal Discussion

Ms. Joyce Shanahan, City Manager, noted that for the past few years, staff and Brown and Brown Insurance (“Brown and Brown”) had been meeting with the City Commission to review their healthcare plan utilization and to strategize for the future.

Ms. Claire Whitley, Human Resources Director, stated that it was exciting that this year the city had received a favorable renewal. She noted that that was good news, and explained that she had some options and choices to discuss with the Commission.

Plan Utilization Overview

Ms. Jessica Scott, Vice President, Brown and Brown, displayed an overview of the city’s monthly utilization. She directed the Commission’s attention to the loss ratio totals. She explained that loss ratio was essentially the city’s claims to premium ratio. She further explained that the insurance carrier, Florida Healthcare Plans (FHCP), viewed a 70 percent loss ratio as favorable. She noted that anything above 70 percent would mean that FHCP would be losing money, noting that hitting that level often contributed to increases in insurance rates. She stated that in 2015, before the implementation of the high deductible health plan (HDHP), also referred to as the health savings account (HSA) plan, the city’s loss ratio was very high. She noted that there had been a 153 percent loss ratio on the city’s point of service (POS) plan and a 110 percent loss ratio on the city’s health management organization (HMO) plan. She explained that there had not been a lot of membership on the POS plan, but noted that those who were on that plan were heavily utilizing it and had very high claims. She stated that FHCP would combine the loss ratios on all plans to determine the overall loss ratio, noting that the combined loss ratio for 2015 was 112 percent.

Ms. Scott explained that when FHCP was formulating the city’s renewal, they would not just be looking at its loss ratio. She noted that they would also review the city’s large claims experience. She stated that FHCP was a little unique; noting that other carriers which had lost a lot of money during a plan year would want to recoup that money in the next renewal. She explained that FHCP did a good job of working directly with her and the city’s human resources department, and discussed the details of large claims with them. She noted that FHCP would look at projections and determine which claims they

thought would continue; noting that that information would be factored into the city's renewal. She stated that FHCP was not trying to punish them for past behavior and was trying to look ahead to see what they really expected to happen in the future.

Ms. Scott stated that in 2016, after the HSA plan was implemented, claims started to drop. She noted that the loss ratio on the HSA plan for 2016 was 72 percent, while the POS plan's loss ratio dropped to 108 percent, for a total overall loss ratio of 84 percent. She noted that a rolling 12-month loss ratio amount was also included; explaining that when the loss ratio was calculated, the last 12 months were always reviewed. She stated that the most recent rolling loss ratios, with claims information to August 2017, were 71 percent for the HSA plan and 174 percent for the POS plan, for a rolling 12 month loss ratio total for all plans of 72 percent.

Ms. Scott directed the Commission's attention to the 2017 year-to-date (YTD) total, which was not indicative of the last 12 months on the calendar, but just of the available information for 2017 thus far. She noted that the HSA plan had a 63 percent loss ratio, while the POS plan had an 84 percent loss ratio, for a combined 63 percent loss ratio. She explained that when the city's renewal was being put together, the time period used was July 2016 to June 2017. She noted that the loss ratio for that time period was 76 percent.

Ms. Scott displayed a summary of the city's large claims. She explained that a large claim was typically a claim of \$50,000 or more; noting that that was the amount paid out by FHCP, not billed charges. She stated that in 2015 and 2016 the city was averaging eight to nine large claimants a year, and over a million dollars in paid claims. She noted that YTD for 2017, the city was at four large claimants and \$291,388 in paid claims. She directed the Commission's attention to a large claim history graph showing claim amounts from 2008 to 2017. She noted that there was a spike in large claims in 2012 in particular, but also in 2014, 2015, and 2016.

Ms. Scott stated that in 2017 the city implemented a \$0 copay medication program. She explained that the city worked with FHCP on chronic conditions which required monthly maintenance medications. She stated that for the city's employees on the HSA plan, there was a \$3 and \$10 copay list put together by FHCP. She noted that the city was even more generous to offer those types of medications at no cost for its employees. She stated that the objective was to encourage employees to continue taking their medications, without cost being a barrier to obtaining maintenance medications. She noted that the city's total program prescriptions YTD, through August 2017, were 513. She explained that those prescriptions were not unique to users; explaining that those one individual could be taking several medications in that number. She stated that the city had paid a total of \$4,957 with this arrangement, which an average cost per prescription of \$9.66.

Ms. Shanahan noted that maintenance medications were for things like high blood pressure, high cholesterol, and diabetes.

Ms. Scott stated that the top condition being treated with the program prescriptions was blood pressure. She noted that 307 of the 513 prescriptions were for medications dealing with blood pressure. She stated that that was followed by 90 prescriptions for diabetes medications, 97 prescriptions for cholesterol medications, and 19 medications for heart conditions.

Ms. Scott displayed a chart regarding emergency room (ER) utilization. She stated that in 2015, the city had 105 visits to the ER. She noted that the city had a bit higher plan enrollment then as well, averaging at 568 members. She stated that the city dropped to 491 members on average for 2016, and saw its ER visits decrease from 105 to 48. She explained that she had data through April 2017 on ER visits in 2017, and noted that membership was around 489 on average, and there had been 15 visits to the ER thus far. She explained that they expected the 2017 numbers to end up close to the 2016 figures.

Ms. Shanahan noted that membership included the city's employees and their family members on the plan.

Ms. Scott displayed a chart showing office visit utilization. She explained that these visits were through the Workforce Wellness Program, where employees could access staff doctors with FHCP. She noted that those were primary care doctors employed by FHCP in specific locations where they treated acute illnesses and urgent care type needs. She stated that that service used to be a \$5 copay for employees, but it had been reduced to a \$0 copay in 2017. She stated that in 2015 there had been 760 total visits, which dropped to 612 visits in 2016; noting that membership had also decreased. She noted that membership was up slightly for 2017 and the YTD visits were 344. She stated that these were visits which were encouraged, as they were low in cost to the plan and could prevent issues from escalating to more serious conditions.

Ms. Scott stated that another service available was Doctors on Demand, which was a telephonic program which employees had access to. She noted that seven members had utilized it in 2016 and six had so far in 2017. She stated that there was low utilization for that program thus far; noting that it would not treat every condition and that everyone was not comfortable with that service. She noted that it would have to be for minor things that could be diagnosed over the phone. She stated that generic non-narcotic prescriptions could be issued through that service as well. She noted that another program was member education visits. She stated that those were up quite a bit in 2016, at 52 visits, as opposed to the 23 in 2015. She noted that another area monitored was nurse clinical visits, which was comprised of things like blood pressure and weight checks. She stated that the totals in 2015 and 2016 were consistent and she expected 2017 to end similarly.

Ms. Scott stated that the HSA had additional incentive funds available for employees who participated in a personal health assessment or skin cancer screening. She stated that for the personal health assessments, participants would receive \$125 in their HSA accounts. She noted that for 2017, the assessments were performed in the first quarter of the year. She stated that 217 people participated. She stated that blood pressure, weight, and diabetes risk were assessed, as well as nutrition, which was self-reported. She stated that almost 80 percent in every category were tabbed as at risk, which could mean they were borderline or high risk for those conditions.

Ms. Scott noted that they did not know how many were in the borderline category as opposed to high risk. She stated that the Centers for Disease Control (CDC) states that 75 million adults have high blood pressure, which is roughly one in three adults. She noted that the average age of employee at the City of Ormond Beach was 47. She explained that according to the CDC, 37 percent of men aged 45 to 54 have high blood pressure, while 35 percent of women in the same age bracket do as well.

Ms. Scott stated that the skin cancer screening program provided a free skin cancer screening by FHCP specialists or providers, starting in January 2017. She noted that employees would receive \$125 in their HSA for participating. She stated that 97 employees had participated in the program to date. She noted that she had some data from the screenings, but explained that she did not have results from employees who elected to visit primary care physicians, which they could chose to do. She stated that 86 members participated at dermatology locations. She noted that four of those members had prior cancer diagnoses, six had biopsies performed, and 19 had follow-ups scheduled. She noted that none of them were diagnosed with cancer after the screening.

Ms. Shanahan explained that the city chose skin cancer as one of the incentive programs because a number of employees had skin cancer, noting that one or two died from it. She stated that a lot of the city's employees worked outdoors.

Ms. Scott stated that throughout the year, the accumulation towards deductibles and out-of-pocket maximums was tracked. She stated that they reviewed that on the HSA plan from an individual basis, but also on a family basis. She noted that on the chart she was displaying, that they listed the 2017 progress YTD and the full 2016 calendar year totals for comparison. She stated that for 2017, she only had data available through June. She noted that this report was created by FHCP.

Ms. Shanahan explained that if an employee used HSA funds for eyeglasses or orthotics, it would not show up on this report.

Ms. Scott clarified that this report did not actually track the funds coming out of the HSA accounts, but tracked the claims accumulated towards deductibles and the maximum out-of-pocket amount. She noted that that was the data that FHCP had access to; explaining that no one had access to the individual HSA accounts.

Ms. Scott stated that, on an individual basis, 31 employees had already met the deductible on the HSA plan for 2017. She noted that nine employees had met the maximum out-of-pocket expenses. She stated that in 2016, 51 total individuals had met the deductible, while 13 met the maximum out-of-pocket amount. She noted that the majority of employees so far were tracking at having spent between \$.01 and \$299 towards their deductible. She stated that at the end of 2016, 27 percent of utilizers ended up in that area. She noted that presently, 51 percent of utilizers had spent \$1 to \$599 towards the maximum out-of-pocket. She stated that at the end of 2016, she estimated that the majority of employees still had at least \$750 in their HSA, based on the report. She reiterated that they did not have information regarding whether they used funds for other expenses not reflected on FHCP's report.

Ms. Scott stated that, with regards to families on the plan, seven had already met the deductible for 2017, with none meeting the out-of-pocket maximum thus far. She stated that at the end of 2016, 26 had met the deductible, while four met the out-of-pocket maximum. She stated that the majority of the family population in 2017 was in the category of \$.01 to \$599.99 progress towards the deductible, followed by the category of \$600 to \$1,199.99. She noted that 60 percent of the population in 2017 had met anywhere from \$.01 to almost \$1,199.99 towards their maximum out-of-pocket. She stated that in 2016, 14 percent had met their maximum out-of-pocket amount.

RFP Results

Ms. Scott stated that FHCP responded to the city's issued Request for Proposals (RFP) with essentially no increase. She explained that they were able to get that reduced to a two percent decrease. She noted that FHCP also quoted an alternate plan, which she felt was worth discussing, as it lowered the deductible. She stated that the city's current deductible for an individual on the HDHP/HSA plan was \$1,600; whereas the alternate plan would have a \$1,350 deductible. She noted that she wanted to point out a few changes on the HSA plan going forward, were the city to stay with the same plan in 2018.

Ms. Scott stated that the city's family plan had a deductible of \$3,200. She noted that presently that was an embedded deductible; which meant that if one person in the family hit \$2,600, then they would start sharing the cost with FHCP going to coinsurance. She explained that it would then be another member of the family that would have to accumulate towards the deductible. She noted that that embedded deductible would be increasing slightly in 2018 to \$2,700.

Ms. Scott stated that the alternate plan she mentioned had a \$1,350 deductible for an individual, but there would not be an embedded deductible for a family. She noted that the deductible would just be \$2,700 for a family and cap at that amount. She explained that that could be met by one person in the family, or by multiple individuals in the family. She stated that another difference was in the maximum out-of-pocket. She noted that currently it was at \$3,200 for an individual and \$6,400 for a family – with \$3,200 capped for one individual in the family. She explained that the alternate plan would decrease the maximum out-of-pocket for an individual to \$3,000 and for a family to \$6,000. She highlighted the cost differences in the two plan proposals, noting that the current plan when decreased by two percent would provide a savings of \$56,000 to the city. She noted that the alternative plan would constitute a \$10,694 increase.

Ms. Scott noted that she wished to discuss the level of funding for the HDHP plan. She explained that currently the city was funding up to the entire \$1,600 deductible for individual members.

Ms. Shanahan clarified that the city provided a contribution of \$1,350 to the employee's HSA account and had an additional \$250 available through the two incentives previously mentioned, the personal health assessment and the skin care screening.

Commissioner Kent confirmed that the city was providing \$1,350 each year. He asked when that contributed was deposited; whereby, Ms. Shanahan replied that it happened on January 1. She explained that the \$1,350 was provided on January 1, and the health assessment and skin care screening funds were supplied after those incentives were completed.

Commissioner Kent clarified that each of those incentives were each valued as \$125 contributions, and thus an individual would have to participate in both to receive \$250.

Ms. Whitley stated that the HSA contributions were sent to the accounts within the first few days of the New Year.

Ms. Scott explained that with the current plan, if the city kept funding the \$1,350 alone, it would be a cost savings of \$129,457. She noted that if the full deductible was instead

funded, it would be a \$45,707 savings. She stated that if \$250 over the deductible was funded, it would constitute an increase of \$38,043. She addressed the alternate plan proposed and noted that funding the \$1,350 alone would see a cost savings of \$151,540, while funding the full deductible would be a savings of \$67,790, and funding \$250 over the deductible would be an increase of \$15,960.

Ms. Shanahan stated that it would be an additional \$83,750 to fund a full \$1,600 with the alternate plan; whereby, Ms. Scott clarified that that was the unions' recommendation.

Ms. Shanahan explained that two years prior, the base deductible for the plan had went from \$250 to \$1,600. She noted that the first year that occurred; the city had contributed \$1,350 to employees' HSAs. She explained that in the second year, the city had realized some additional savings from deciding not to go forth with a healthcare clinic they had budgeted for. She stated that the Commission had instead allowed the city to incentive an additional \$250 towards the HSA.

Ms. Whitley stated that as part of the renewal process each year, human resources met with the union representatives to go over the plans under consideration so that the union could provide feedback regarding plan selection. She stated that she met with all three unions representing city employees – the general employees' union, the firefighters' union, and the police officers' union – noting that all three felt both plan options were favorable. She explained that they did not have a strong preference regarding one plan over the other, as they recognized that it really depended on individual circumstances which plan would be more advantageous. She further explained that the unions recognized the favorable renewal that the city had received.

Ms. Whitley noted that the unions had elucidated that if the Commission were to choose to put extra funds in the HSA account, and the employees had a lower deductible, then the employees could build up a cushion in their HSA. She stated that the unions were also supportive of incentives for HSA dollars. She reiterated that the unions did not really feel one plan was more advantageous than another. She noted that the unions were very interested in HSA funding and providing an extra cushion to employees, especially as it was unknown if renewals would be as favorable in future years.

Commissioner Kent stated that he was pleased that the city provided HSA dollars. He noted that he appreciated the unions, but they did not get to take credit for those funds being provided. He stated that the Commission had decided to do that. He noted that he was interested in taking about the options for HSA funding.

Ms. Scott stated that the pharmacy on the 2018 would be changing, regardless of which plan design they selected. She stated that there was a \$125 copay for certain specialty medications, which would instead be going to coinsurance. She noted that this meant that employees would pay 15 or 20 percent, depending on where the medication fell. She stated that on the HSA plan, an employee would now be paying \$150 for a medication which cost \$1,000, if it fell into that category. She explained that things in that category would be hepatitis C drugs and medications which the city would not have a lot of prescriptions for.

Ms. Scott noted that she had FHCP run an impact report to see how many employees would be affected. She stated that for the City of Ormond Beach, there were three employees who were taking medications which fell into that category. She stated that two of those were cancer medications, while the other was for arthritis. She noted that

the majority of the employees on those medications were using copay cards from the manufacturer and not using insurance. She explained that that was the case with the three employees she mentioned, so there was actually no cost impact.

Plan Design and HSA Funding

Ms. Scott stated that direction was needed regarding the level of HSA funding for 2018 and which plan design the Commission was interested in. She noted that they also wanted to potentially talk about matching funds with employees for HSA contributions.

Ms. Shanahan suggested that they discuss the plans first; whereby, Ms. Scott clarified that the only difference between the current HDHP plan and the alternate HDHP were the deductible and maximum out-of-pocket amounts. She noted that those were reduced on the alternate plans. She explained that the decision would involve reviewing how that affected the city financially.

Ms. Shanahan stated that the city had sufficient funding in the budget for either of the plan options presented.

Commissioner Kent stated that he was leaning more towards the current plan, as it would mean a savings of \$56,000 for the city. He noted that he would want to spend most of that savings by giving \$150 more towards each HSA account, for a total contribution of \$1,500 to each. He stated that he believed there would still be some savings after doing so. He explained that he had always liked the idea of the city giving up to \$1,600 to the HSA. He noted that they never could get there during discussions before. He stated that he was in favor of getting to \$1,500, provided the additional savings.

Ms. Shanahan asked if Commissioner Kent would be interested in additional incentivization if the HSA contribution was increased to \$1,500; whereby, Commissioner Kent replied that he did not know if he would be interested in providing matching funds if \$1,500 was provided. He noted that he did like the skin cancer screening and health assessments and would be in favor of continuing those. He explained that he felt those things were important and beneficial to employees.

Commissioner Boehm clarified that the unions were requesting that the city fund \$1,600 in the HSAs and \$250 in potential incentives. He noted that presently, the city had contributed \$1,350 to the HSA with \$250 in incentives. He stated that Commissioner Kent was discussing being somewhere in the middle. He explained that he favored keeping the incentives, noting that he felt it beneficial to encourage employees who worked outdoors to get skin cancer screenings. He noted that that was money well spent, as was the health risk assessments for employees. He stated that funding \$1,350 in the HSA plus the \$250 incentives would equal the current deductible. He noted that funding anything over that would be providing funds over the deductible amount.

Commissioner Kent reiterated that the union did not get to take credit for the HSA funding.

Commissioner Boehm stated that he did not have a particular problem with what Commissioner Kent suggested, but noted that he was not in favor of doing away with incentives.

Commissioner Littleton stated that he was comfortable with renewing the current plan and taking the savings to the city. He noted that if he was pushed a little bit, he could potentially support increasing HSA funding but was unsure how much he would support. He stated that he would not want it to be too much.

Commissioner Kent joked that he could push Commissioner Littleton.

Ms. Shanahan asked if there was consensus among the Commission with regards to continuing the health assessment and skin care screening incentives; whereby, Mayor Partington confirmed that the Commission was in favor of that.

Commissioner Selby referenced the high risk levels identified by the health assessments. He suggested that perhaps there were some specific screenings or action plans that could be done to address the issues brought to light in those assessments. He noted that some of the issues were obesity and bad nutrition. He stated that those were behavioral but could turn into big problems over time.

Ms. Shanahan noted that those assessment results did not mean that blood pressure and diabetes could not be corrected with medication.

Commissioner Selby clarified that those issues were not really corrected, but were instead managed. He suggested modifying the behavior so that medications would not be needed. He stated that he felt the incentives were very important. He noted that he was not sure what could be done to address the specific health issues. He stated that he thought it was great that employees could get to where their entire deductible was funded. He noted that he liked that they had to earn some of it, as the current plan was structured.

Ms. Whitley stated that in the current year, in order to participate, individuals just had to come in and get their baseline numbers. She explained that they would love each year to have a little bit more participation in the program, so that it was not always just a matter of showing up. She noted that they could introduce some more results-oriented incentives, gradually, so that employees were more engaged.

Commissioner Selby stated that a lot of people had a sense that something was amiss, but did not really want to find out and would wait until there was a big problem. He suggested easing them into preventative maintenance. He noted that he liked that strategy. He explained that he did not want to disincentive anyone by lowering the amount automatically contributed to the HSA, but instead wanted to reward employees for their behavior. He stated that he loved the idea of reducing the overall premium but maintaining the existing plan. He noted that even though it was only a two percent reduction, he was pleased to reverse the trend.

Commissioner Boehm suggested slightly increasing the incentives, going from a possible \$250, at \$125 for each incentive, to \$150 for each for a total of \$300. He noted that that would come from the \$56,000 in savings.

Commissioner Selby stated that he thought he heard Ms. Whitley suggest that they could have more incentives. He noted that they could have three or four rather than two, but keep the dollar amount at \$125.

Ms. Whitley stated that that would be wonderful. She explained that any flexibility they had to try and build the program would be helpful.

Mayor Partington suggested that potentially higher dollar incentives could be paid for goal attainment, while \$125 could be for participation.

Commissioner Boehm suggested spending a little of the \$56,000 to create more incentives, as opposed to just providing more funding in the HSA automatically.

Ms. Shanahan stated that staff could come back to the Commission with some specific ideas for incentives. She noted that she felt the Commission was saying that they liked the incentives, and liked funding the incentives at at least \$250. She explained that staff could come back with some ideas for additional ways to incentivize. She asked if there was consensus on the baseline amount for the HSA funding. She noted that Commissioner Kent had suggested increasing the funding from \$1,350 to \$1,500.

Commissioner Selby stated that he would be in favor of keeping that funding at \$1,350 and adding some additional behavioral incentives to allow employees to earn above the \$1,600 deductible when added to the HSA contribution.

Commissioner Kent suggested doing the additional incentives and increasing the HSA funding by \$50, so it would be at \$1,400 rather than \$1,350.

Commissioner Selby stated that adding the additional \$50 would cost the city roughly \$25,000; whereby, Ms. Scott clarified that it would be more like \$16,000 or \$17,000.

Commissioner Littleton stated that the savings would then be around \$40,000, rather than \$56,000.

Commissioner Selby asked Commissioner Kent to help him understand his thought process.

Commissioner Kent explained that a few years before Commissioner Selby was on the Commission, the city had a different health plan. He noted that people who worked in the public sector did so knowing that they would receive less pay for better benefits. He explained that in his mind the incredible health plan the city had was always justified. He further explained that, in his opinion, it felt like the rug was being pulled out from under the city's employees when the plan changed. He noted that the employees then were not only not making what they could in the private sector, but also had diminished health benefits.

Commissioner Kent praised the decision to contribute to the HSAs to offset the costs. He explained that he wanted to even that out. He noted that he felt for the few employees who hit the out-of-pocket maximums. He stated that if he could get them an extra \$50, he was all in favor of that. He noted that an extra \$50 could save them money for shoes they need to run to lose weight, or to be able to take their children out on a Friday night. He stated that he would always lean towards trying to put more into the HSAs.

Ms. Shanahan clarified that she did not need a definitive decision, but was looking for some consensus.

Commissioner Selby stated that he thought they were close to one, and suggested that staff had enough input to come back to the Commission with suggestions.

Commissioner Boehm stated that he agreed with Commissioner Selby in that he would like to see the incentive program expanded. He noted that he hated to tell Commissioner Selby this, but explained that the number of individuals who ever got off of diabetes or blood pressure medication was infinitesimal. He stated that he was an individual who woke up every day and took pills – and always would be.

Ms. Shanahan noted that the city was not a young workforce. She stated that the average age of an employee with the city was 47.

Commissioner Boehm stated that there were incentives that could be created, such as weight loss.

Ms. Shanahan suggested anti-smoking incentives.

Commissioner Boehm noted that he was in favor of expanding the incentive program. He stated that he would want to see what could be done in that area before agreeing to provide additional HSA dollars. He noted that everyone may not participate or qualify for the incentives. He explained that he thought the whole idea was to encourage wellness and getting healthier. He noted that he was in favor of incentivizing that and rewarding that. He stated that he was sort of in between, noting that he would perhaps be in favor of providing additional HSA if staff did not come up with any additional incentives.

Commissioner Kent stated that he could not and would not disagree with anything Commissioner Selby or Commissioner Boehm said. He noted that he felt that an extra \$50 for everyone would be great and show they cared.

Mayor Partington asked if the skin cancer screenings needed to be done every year. He suggested that perhaps those who worked indoors would have a baseline and not need to go back each year. He suggested that some other types of incentives that were more applicable to them could be added.

Ms. Shanahan noted that those who worked inside could also benefit from skin cancer screenings as the beach was a popular activity in this area. She stated that they were good to do annually.

Commissioner Kent asked if the Commission would be meeting again about healthcare before January; whereby, Ms. Shanahan replied that she had not planned on doing so. She explained that staff had planned to bring the healthcare plan and HSA funding back to the Commission at a Commission meeting in order to make a decision.

Ms. Shanahan asked Ms. Whitley if the two could be approved separately.

Ms. Whitley explained that the healthcare plan needed to be approved because of the timeline for a January start date. She noted that there was a little bit more flexibility with the HSA funding. She stated that she would prefer to have it planned out well ahead of January as well. She suggested bringing the healthcare plan back to the Commission at the next meeting and having human resources staff present a proposal, based on the Commission's feedback, for a couple options for HSA funding and incentives.

Ms. Shanahan stated that she felt the Commission's direction so far as to provide a minimum of \$1,350 to the HSA and provide an additional \$250 for the health risk assessment and skin cancer screenings. She noted that she felt the real issue was whether they wanted to provide any additional incentives or additional HSA funds without incentives.

Commissioner Selby stated that he thought there was consensus that the Commission wanted additional incentives.

Mayor Partington stated that the challenge was for staff to be creative with the additional incentives.

Ms. Shanahan replied that staff would work on that and bring it back to the Commission.

Commissioner Kent noted that there might be three Commission members in favor of providing the extra \$50 in HSA funds. He stated that Mayor Partington and Commissioner Littleton might be in favor of that. He noted that he had not heard from Commissioner Littleton yet about it.

Commissioner Littleton stated that he had not really figured it out yet.

Ms. Shanahan stated that staff would like some direction on the minimum level of HSA funding.

Mayor Partington noted that he heard what Commissioner Kent was saying, but explained that he was comfortable with providing \$1,350 in HSA funding, given the number of individuals shown to be carrying funds over from the previous year.

Ms. Shanahan reiterated that those HSA funds could be used for dental or vision expenses, and other covered expenses which would not show up on FHCP's report. She noted that they could take those funds with them if they left. She stated that those funds could be used for allowable medical expenses.

Mayor Partington stated that a young person who was fairly healthy could potentially have several thousand dollars in their account. He explained that that was why he was not sure if he was in favor of adding another \$50 to the contribution. He noted that he believed that might be Commissioner Littleton's concern as well.

Commissioner Littleton noted that 2017 was the first year with incentives. He stated that if costs continued to decrease, he could be possibly comfortable with providing more HSA funding.

Commissioner Selby stated that if the guaranteed contribution of \$1,350 was maintained, and some additional incentives were created to help employees get healthier over time, it would continue to reduce the overall cost to the city. He stated that if the workforce was healthier and more health conscious, there would be more money available to give to them in HSA contributions. He explained that he would rather try to reward behavior. He noted that he felt that the \$1,350 contribution was very generous. He stated that he did not know how many employees left, but noted that if someone left on January 5, they would leave with \$1,350 of city money. He asked if the new employee would then also receive the contribution; whereby, Ms. Whitley replied that they would receive a prorated amount.

Commissioner Selby stated that the city had turned the cost on the tide of premiums, which he felt was huge. He noted that if they could improve the health and health awareness of the employee population, it would continue to reduce the cost over time and then they could share more of that savings with the employees.

Ms. Shanahan noted that staff would bring back some options. She asked if there was a limit that the Commission would be comfortable with for incentive amounts.

Commissioner Selby noted that staff would have to estimate how many people would take advantage of the incentives. He explained that he would think that \$56,000 would be the limit, as he would hope to not spend more than what the city was saving. He noted that he considered that an investment rather than an expense, as the city would be rewarding employees for improving their health.

Commissioner Littleton asked if there were any studies done which demonstrated that those types of incentive programs would reduce costs.

Ms. Scott noted that there was some statistics and data out there, but explained that it would not always trend in reduced costs because there were other factors involved; noting that catastrophic events still happened which could negatively impact claims.

Commissioner Boehm stated that an individual who went to a health assessment could find out they had a condition which needed medication. He explained that by them going on that medication, they could prevent a more expensive and serious condition, like a heart attack, from occurring. He noted that the goal was to get people to preemptively treat issues. He stated that he had experience with serious medical issues and knew how expensive they could get in a short period of time. He explained that that was why he was so in favor of incentives and in having people preemptively look after themselves.

Ms. Shanahan explained that that was why the health risk assessment was so important. She noted that many people did not want to go to the doctor but would because they were incentivized.

Ms. Whitley noted that employees were on the edge of their seats waiting for information regarding the HSA funding. She stated that if it was delayed past open enrollment it might affect their plan choices. She suggested bringing a proposal back at the next Commission meeting for the Commission to discuss.

Ms. Shanahan stated that the plan itself and the HSA funding could be separate agenda items.

Commissioner Boehm noted that the Commission's next workshop was for brainstorming. He suggested making the workshop longer or cutting the brainstorming portion a little shorter, in order to give the Commission a chance to discuss the HSA funding amongst themselves before having it up for a decision at a public hearing. He stated that he believed it could be resolved in a short workshop.

Commissioner Kent stated that this workshop had contained a lot of good news; noting that he was pleased about that.

III. ADJOURNMENT

The meeting was adjourned at 6:32 p.m.

Transcribed by: Colby Cilento